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Military Market

MAGAZINE FOR THE MILITARY RETAIL SYSTEM ARMY TIMES PUBLISHING COMPANY OCTOBER 1985 $2.00

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5% More - Can AAFES Do It?

This Man Says Yes

(Interview begins on page 58)

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How To Capture the Retiree Market

Health & Beauty Aids — War in the Aisles

Tobacco Sales — Up In Smoke?

Datebook: ALA's Big D Pow Wow

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serving the military resale system

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Military Market survey

The American Logistics Association

'ALA *does* have a lot of clout — *if* it's used.'

By NANCY TUCKER
Editor

WE SEEM TO HAVE hit a nerve. In mid-August, we asked military brokers for their opinions about the American Logistics Association. We sent an executive at each brokerage firm — usually the president — a 1½ page multiple-choice questionnaire. We didn't expect it, but we received the highest response to this survey of any we have ever conducted.

The Fall 1985 issue of *Interservice* magazine, ALA's official quarterly, lists 63 military brokers who belong to ALA. Forty-two of these responded to our survey, exactly two-thirds of all broker members of the association. An additional 28 non-members also responded, for a total of 70 responses from the U.S. and abroad. A total of 264 questionnaires were mailed.

Comparative tabulations appear on page 86 of this issue. The numbers show several things:

☐ **1.** The majority of people — members and non-members alike — think dues are too expensive.

ALA's deputy executive vice president, Paul Pierpoint, handles the association's membership and says the recent dues increase — the first in four years — averages about 10 percent across the board. "In comparison with other national associations," he says, "our dues are low."

ALA has four classes of membership for brokers: *Class 3-A* is for major brokers, those who do business with both commissaries and exchanges on both a national and an international basis. Currently, it costs $1,100 a year, raised from $995. *Class 3-B* is for brokers who sell only on a regional basis, in Europe only, for instance, or just east of the Mississippi. This type of membership costs $700 a year, up from $650. *Class 3-C* is for brokers who deal only with commissaries or only with exchanges. It currently costs $550, up from $495. *Class 3-D* is for local brokers. It costs $225, up from $200.

A total of 41 respondents say they think ALA membership costs too much; 25 of these identify themselves as current members of the association. As might be expected, people who are current members are less inclined to think that membership is too expensive than non-members. Nevertheless, members who think it's too dear outnumber those who don't by a margin of five to three.

"Too expensive for small business!," says a response typical of non-members. Membership "costs too much for what a small military broker gets back in return," says another. Membership "is more advantageous to the larger companies than for small ones," says a third.

But griping about the cost-benefit ratio comes from members, too. Says one, "I recently asked a board member to explain first, what I received for my membership, and secondly, what the added benefits would be in view of the dues increase this year. As a board member who voted for the increase, he was unable to list any benefits."

A bad opinion of the dues structure leads some people to cheat. During follow-up telephone calls, some people volunteered that they falsify information about their firms in order to get cheaper membership rates. "I kind of cheated a little bit," admits one former member. A current member, who acknowledges lying about his membership class, says that part of the problem is that the "present [dues] scale is ambiguous," and doesn't take true size or company billings into account. "A small company pays the same as a large one," he says.

☐ **2.** There is general agreement that the association does not do a good job representing the interests of small companies. For the companies which are currently members, two out of three which have an opinion on this issue think ALA fails in this regard. For non-members, it's even more unbalanced — 20 vote "no" on this, while none say the association is doing a good job.

Says one, "I don't think the national staff understands small brokers." Adds another, "Small and medium guys are neglected. They're not big advertisers, nor do they do great big dollars for [ALA's] publication."

One solution, small brokers think, would be to have more representation on the association's board of directors. But finances would be a problem for some small firms, thinks one member, so ALA "should pay the expenses of [small] companies to be on the board." Another man thinks a secondary level of membership, perhaps a "subdivision," could be started for small companies.

Member Bill Fisher, from Fidelity Inc., is also concerned about elections. "It's the buddy-buddy system." While he doesn't object to any of the people currently on the board, he is concerned that board elections and appointments could "go back to politics." He believes that more people should be nominated for national offices, and that the current procedure for getting candidates on the ballot — which requires the signatures of 25 voting members — should be loosened.

☐ **3.** Another indication of how brokers feel about representation of small companies is found in answers to questions about whom they think ALA actually represents. While members tend to say ALA equally represents the interests of both exchange and commissary suppliers, non-members feel just as strongly that they don't. And *both* members and non-members overwhelmingly agree that the association gives more attention to commissary suppliers than it does to its exchange supplier members.

A cross-tabulation of member companies by the nature of their business underlines this. Military brokers engaged *only* in exchange trade uniformly feel negatively about such matters as representation of small companies (question 7), whether membership is a worthwhile investment (question 8), and whether ALA is effective on Capitol Hill and with the military (questions 10 and 11). Brokers who deal with commissaries *only* or with exchanges and commissaries *both* tend to think more positively about the association than those who are engaged only in exchange trade.

SURVEY, continued on page 86

market report

Will Planograms Bring Changes?

AAFES H&BA buyers tell MILITARY MARKET that the exchange system has witnessed strong growth in the cosmetics section of the H&BA aisles "in both the high and low ends." This runs counter to the outside retail world, where most analysts agree has seen growth only in the lower end during the last year. While the buyer was at a loss to explain the phenomenon completely, she did suggest that "perhaps this is because we cater to such a wide assortment of consumers — all ages and incomes within the military."

However, some cosmetics marketers confide that AAFES could still be doing a better job of selling cosmetics. "There is still not near enough peg space in the exchanges for makeup, and anyone in the industry will tell you that the *real* growth within this segment is in the pegged merchandise."

Adds another cynically, "I'm convinced that some store managers are only concerned with making their store look good, not necessarily with selling the most merchandise they can. The way you make your store look good is for it to always look like it's in-stock, with no gaping holes on the shelf. If it doesn't sell, it looks good on the shelf."

One military sales manager is anxiously looking forward to the increased use of planograms in both AAFES and Navy exchanges. "When exchange managers are forced to abide by the H&BA planogram, the stock assortment and presentation will more adequately reflect outside market shares.

"Often what I see now is a wide variation in both space and presentation from store to store that I call on regularly. A lot of this is simply a reflection of the individual store manager's tastes, or whoever is running the cosmetics department. That's not good business."

Another military sales representative agrees with this. "I think the exchanges are taking up a lot of unnecessary space in their stores with lines that are not turning enough. I hope planograms will bring some changes, in both NAVRESSO and AAFES."

Consistent with AAFES' Merchandising Division's priority to get new products in the stores prior to the break of major advertising, MILITARY MARKET learned that the leading cosmetics advertisers in 1984 for print, radio and television combined were:

☐ Cover Girl	$46.5 million
☐ Maybelline	$34.0 million
☐ Revlon	$23.0 million
☐ L'Oreal	$17.0 million
☐ Max Factor	$ 8.0 million

SOURCE: Leading National Advertisers, Inc., 1985 annual dollar survey

Makeup Close and Personal

With 66 percent of all American women between the ages of 24 and 64 now in the work force, is it really any surprise that cosmetics sales are increasing?

The female family member or servicemember is buying up cosmetics in ever-greater numbers. ConUS sales of cosmetics and fragrances in exchanges topped $77.8 million in 1984, while overseas outlets rang up a healthy $26.1 million.

A recent report by Survey Sampling, Inc., found that 49 percent of all U.S. women say they use mascara seven days a week; 42 percent say they use eye shadow seven days a week. Lipstick topped the list for frequency of use however, with 5[illegible] percent of American women saying they used it seven days a week.

Analysts report that there is hardly a segment within cosmetics that does not enjoy double-digit growth. Facial cosmetics lead the parade, with a 29.2 percent jump over the previous year. Lipstick was up 20.2 percent, and eye makeup was up 28.7 percent, according to Towne-Oller. Nail care and nail polishes were up a whopping 29.8 percent and 58.9 percent, respectively.

"AAFES' sales of contact lens products increased 22 percent last year. . . . Almost half of the Army's soldiers wear eyeglasses; some of these will change to contact lenses in the future."

"We're going to be taking more chances: getting new products at the same time as civilian stores."

One of the most innovative new products on the nail care front was the national rollout of Chesebrough-Pond's Aziza brand nail polish pen, which puts nail polish in a felt-tip pen format. Sales of Aziza have been so strong that some analysts predict the product will garner 8 percent or more of the rapidly growing nail care market by the end of 1985. Other strong performers included Cutex enamel and Maybelline's new long-wearing polish.

Noxell is taking a cue from the toothpaste marketers and bringing its Noxzema skin cream to the market in a pump dispenser. In the $500 million hand-and-body moisturizer category, Chesebrough-Pond's Vaseline Intensive Care remains the leader in dollar sales, with a 19 percent share of the market. Industry sources rank American Brands' Jergens as No. 2, with 11 percent, and Westwood Pharmaceuticals' Keri Lotion third with 8.4 percent.

Rounding out the skin care category, Warner Lambert's Lubriderm grabs 5 percent, and Curel and Beiersdorf's Nivea share the 4.8 percent market share position. S.C. Johnson's Soft Sense, a recent entry, has garnered 4.7 percent.

The $450 million facial segment market has been a no-growth proposition, so far in 1985. Richardson-Vicks' Oil of Olay remains the kingpin, with a commanding 23 percent of the market, but analysts say its sales have slipped, as have those of No. 2 ranked Noxzema, down to 15.6 percent from its high point of 28 percent in 1979.

Revlon is making a run at Oil of Olay with its European Collagen Complex and Ultima II skin care lines. St. Ives is coming in as a heavily promoted brand to grab 5.8 percent of the market, according to Salomon Brothers statistics.

With the coming of autumn and winter, analysts are hopeful that this high demand time will breathe new life into the facial and skin care segments. Several industry analysts tell MILITARY MARKET that marketers can look forward to the upcoming colder weather as a respite from the first half's sluggish sales. MM

Tobacco: Flat Sales Drag On

Though hardly up in smoke, sales of tobacco appear to be hitting the wall. Marketers respond with generics, discounts, 25-count packs, designer smokes and smokeless tobacco.

By ANNE ROKETENETZ
Associate Editor

DESPITE THE improved economy, the demand for generic and discount brands of cigarettes is far from burnt out.

First developed in the early 1980s to fight inflation, discount brands and generics last year captured 6½ percent of the $19.9 billion cigarette market, John C. Maxwell, author of the *Maxwell Report* and a leading analyst of the tobacco market tells MILITARY MARKET.

Although they are successful, Maxwell thinks generics and discounts will never catch the market share that traditional brands enjoy. If anything, he says, they are probably beginning to reach a growth plateau.

Even with some 225 styles of cigarettes currently on the market, smokers in the coming year can expect more economy brands. They will also see more on-carton cents-off coupons as manufacturers try to curb the generally flat sales that blackened the market in 1984.

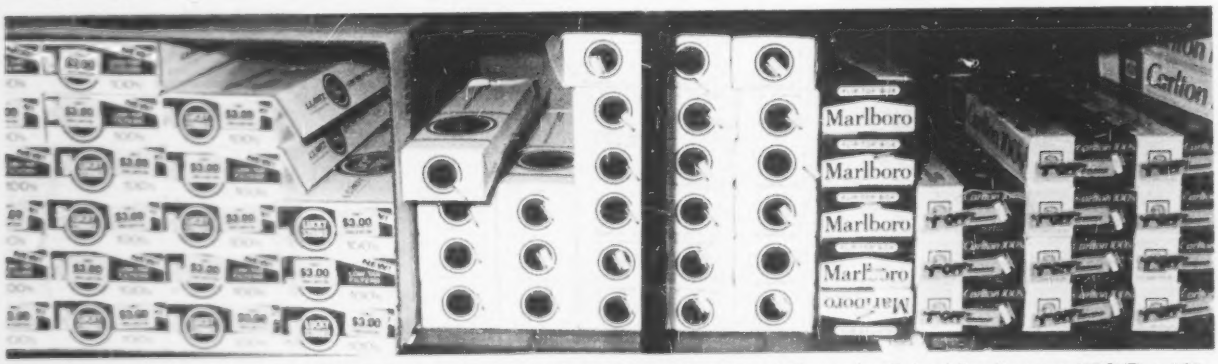
Couponing the Carton

R.J. Reynolds Tobacco, the manufacturer of brands like Camel, Winston and Salem, is currently testing a couponing gun that applies coupons directly onto cigarette cartons. The test is running at commissaries and exchanges in the Washington, D.C. area, says a company marketing manager, not wanting to be identified. The company, which does 60 percent of its military volume in commissaries, has not tested the program at any civilian locations.

"Our people are applying the coupon to the cartons already in the store. The patron then rips it off and redeems it right there." The spokesman adds that RJR's couponing program is designed to help commissaries get more money for store maintenance from the 5-percent surcharge collected from patrons. Unlike a variable price reduction, requiring that stores wait to be reimbursed by the manufacturer for the cents saved, coupons go directly to a clearinghouse, then reimbursed by the manufacturer.

Ligget & Myers is also moving into the carton couponing arena, says Carol Jova, a company spokewoman. "The company feels this is the only way the commissary can make money because of its 5-percent surcharge," Jova notes.

Philip Morris, which manufactures Marlboro, the No. 1 selling brand in the U.S., began testing its own couponing program on October 1. A spokesman says PM is confident its



TWO OF MANY TACTICS: Tobacco companies jockey for a larger market share and more commissary shelf space by offering dollar-off coupons (ABOVE) and 25-cigarette packs (TOP). *(Photos by Kate Patterson)*

market report

1984 Cigarette Use by Military Greater than The U.S. Average

Per Capita Usage*		Index
U.S. Total	3,411	—
Military, On-Base		
Domestic	7,995	232
Overseas	9,931	291
Worldwide	8,289	243

*18-years old or older.

Worldwide, On-Base, Military Cigarette Sales

1984 and projected for 1989

Millions of Dollars		
Sales	1984	1989*
Club	80	107
Commissary	295	400
Exchange	359	448
Total	734	955

*projected in 1984 dollars.

Per Capita Cigarette Sales: Worldwide Military Versus U.S. Average

1984 to 1970

Year	Total U.S.*	Military On-Base*	Index
1984	3,411	8,284	243
1983	3,494	8,591	246
1982	3,746	8,872	237
1981	3,840	8,698	226
1980	3,880	8,603	222
1979	3,900	8,598	220
1978	3,970	9,091	229
1977	4,064	8,924	220
1976	4,092	9,140	223
1975	4,123	9,036	219
1974	4,141	8,612	219
1973	4,148	8,529	208
1972	4,043	8,529	211
1971	4,037	8,485	210
1970	3,985	8,331	209

*cigarettes per capita — adults 18-years old or older

Per Capita Domestic Cigarette Sales

1964 to 1973 On-Base

Year	Per Capita Sales
1984	7,915
1983	8,200
1982	8,455
1981	8,296
1980	8,120
1979	8,117
1978	8,313
1977	8,200
1976	8,498
1975	8,451
1974	8,402
1973	8,153

*18-years old or older.

Per Capita Worldwide Cigarette Sales,

1984 to 1973 On-Base

Year	Per Capita Sales*
1984	8,289
1983	8,591
1982	8,872
1981	8,698
1980	8,603
1979	8,598
1978	9,091
1977	8,924
1976	9,140
1975	9,036
1974	9,061
1973	8,612

*18-years old or older.

new coupon gun will improve the way cartons are currently couponed.

"We saw other companies having trouble with this program because often the coupons were hanging over the edge of the carton and covering the shelf facings, preventing product identification." The spokesman described the PM coupon as one that is "not flimsy and unable to be stolen."

More For the Money

In the coming year, smokers will also see more brands offering 25 cigarettes to the pack rather than the traditional 20 count. Several companies, including Brown & Williamson, have picked up on the trend to higher counts and will be heavily promoting these brands soon.

B&W, which does 3½ percent of its total sales in the military, introduced its 25-count Richland brand this past June. The company is touting the product as "The first brand to successfully bridge the gap between consumer value and branded quality." The king-size cigarette is sold for the same price as other 20-count brands. The company is using the slogans "five free" or "50 free," depending on whether a smoker purchases a single pack or a carton, says a B&W spokesman. Richland is available in full flavor, light and full flavor menthol varieties.

A spokesman for Reynolds says that company's Century 25s, competing directly with B&W's Richland, have maintained their popularity. That brand went national late last year.

In February, B&W went national with its introduction of Coins, a new brand distributed exclusively through cigarette machines. The brand, priced to cost less than other brands in the same machine, is available in regular and lights flavors.

Philip Morris, which attributes about 4 percent of its total sales to the military, is set to begin testing its 25-count Players Light brand at military

"Generics and discounts will never catch the market share that traditional brands enjoy. If anything, they are beginning to reach a growth plateau."

installations in the Denver area. The company plans to price the brand at approximately $1.50 less per carton than traditional brands, but not as low as generics or discounts, a spokesman notes.

PM is confident Players Light will do well in the test market, even though, the spokesman says, "There has not been a successful brand of a 25-count cigarette in the last year but Marlboro 25's." The 25-count version of the No. 1 brand, he adds, is in the top 30 list of best selling cigarettes overall, while the light version ranks in the top 40.

The Lower Priced Butt

L&M has a 12.2-percent share of military cigarette sales, but only 8 percent in the civilian trade. The company ranks sixth among U.S. cigarette manufacturers, but is third in military sales because of its strength in generics. Spokeswoman Carol Jova estimates that about 8 percent of the company's total sales are generated through the military.

But 1984 did not deliver all good news for L&M, which first entered the generic market in 1980. L&M's lead in the generic segment sagged last year. To curb the loss, the company is planning to spend an estimated $600,000 this year on an advertising campaign based on the brand's "Gold Q Quality Seal."

The promotion offers smokers discounts of up to 10 percent on vacation packages of their choice, just for clipping the gold seal from the top of the pack.

In another move, L&M went national last January with a new discount brand called Stride. Stride is available in 85mm and 100mm varieties in full flavor, and in menthol in 100mms. Spokeswoman Jova describes the brand as a mid-priced cigarette selling for about a dollar less a carton than other major brands. "Stride is aimed at those that like the comfort of a brand name but are satisfied with savings," she says.

Despite an increase in cigarette consumption by the military in 1984, growth in the cigarette market has been slight for the past several years, an RJR spokesman tells MILITARY MARKET. But he adds, worldwide sales in the military in 1984 did hit $1 billion.

He adds that RJR strongly believes that, even with a rising economy, generic brand loyalty still remains intact. Doral, the company's discount brand that sells for about 20¢ less per pack than traditional brands, he points out, has been able to capture and maintain a 5-percent share in the military.

"Data shows that Doral, since its introduction during the second quarter of 1984, has pushed RJR's share of the military market to 30 percent, passing PM's 21.8-percent hold," he claims.

A sales manager at PM says that emphasis on lower priced or generic brands is not as strong at that company as with others. "Generic and lower priced brands have provided growth to manufacturers' carton sales," he says, "but these companies are not really making money from them."

Instead of sacrificing money and quality to give growth to its carton sales, explains the Philip Morris spokesman, the company is leaning more towards coupons and VPRs to lower the prices of its products.

Upscales on the Rise

Regardless of the market shares that generics, discounts brands and 25-count packs are snatching, cigarette manfacturers maintain there still remains a traditional brand smoker who puts a priority on quality. As a result, major manufacturers have avoided downscaling their upscale brands and are continuing to introduce new brands and revisions of the traditionals.

Thus, RJR plans to begin test marketing its Ritz premium brand in St. Louis and the southern half of Illinois. A spokesman for the company states that RJR has revamped the brand's carton design using a more "sophisticated" pattern developed by clothes and cosmetic designer Yves Saint Laurent.

Ritz, already available in Atlanta and Washington state, will be priced comparably with other major brands

1776: Military Exclusive Dignifies Generic Market

In a flurry of free packs, dollars off coupons and rebates, military smokers at 14 ConUS installations were introduced last February to low-priced 1776, the first brand-name cigarette designed exclusively for sale in the military market.

The brand, priced $1.50 per carton less than other traditional brands, sells in about 70 percent of the commissaries in ConUS. A company spokesman says it's doing very well.

"We are very pleased by the military's receptiveness," Roy Jorstad, vice president of marketing for Park Avenue Tobacco Co., recently told MILITARY MARKET.

Although Jorstad noted that it was still too early to gauge 1776's precise share of market, he said the company is confident it will capture one half of one percent of the military cigarette business by the end of its first year.

Mike Grasso, product manager at Dunham & Smith, the brand's military broker, described 1776 as comparable to R.J. Reynolds' Doral brand in terms of price and quality. He said Park Avenue's motive behind the exclusive military brand was part of an effort to provide the cost-conscious military smoker who does not want a generic with a low-priced brand name.

"Imagine going to a party and trying to talk to someone, and you pull out your generic pack of cigarettes. You won't look so hot," said Grasso, adding that with 1776 the name provides some dignity.

Park Avenue's Jorstad said the possibilities are good that the company will extend the 1776 line in the near future to include regular and menthol varieties in the 100mm size. The brand is currently available only in king size.

Jorstad also said 1776 could be moved into the civilian market, too. "The brand has been very receptive to the military smoker and we feel it would be advantageous to market it off-base as well, since they don't always shop on-base."

Refusing to elaborate, Jorstad said the possibility exists for the introduction of another brand exclusively to the military. But first, he cautioned, the company is going to focus on getting the brand onto exchange shelves, which has not yet happened, as well as overseas.

"Our strategy for overseas is to first get the brand into all Stateside commissaries and exchanges. We feel it would be advantageous to get the product established with the patron over here first. So we are moving very slow." — A.R.

1984 Cigarette Sales on Military Bases By Resale System and By Area

Area	Overseas	Domestic	Worldwide
Clubs	$ 26,364,000	$ 53,825,000	$ 80,189,000
Commissaries	$ 45,600,000	$249,700,000	$295,300,000
Exchanges	$ 68,172,000	$290,628,000	$358,800,000
Total	$140,136,000	$594,153,000	$734,289,000

Worldwide Cigarette Sales In Military Commissaries, Exchanges and Clubs
1964 to 1973 (In billions of cigarettes)

Year	Clubs	Commissaries	Exchanges	Total
1964	3.2	16.2	15.8	35.2
1963	3.3	15.4	17.4	36.1
1962	3.3	16.0	18.0	37.3
1961	3.0	15.2	17.6	35.8
1960	2.9	13.9	17.5	34.3
1979	2.9	13.7	17.4	34.0
1978	2.8	14.6	18.7	36.1
1977	2.6	14.0	18.1	34.7
1976	2.5	14.5	18.5	35.5
1975	2.4	14.8	18.8	36.1
1974	2.4	14.1	19.7	36.2
1973	2.2	13.5	19.9	35.6

Worldwide Cigarette Sales Growth In Military Commissaries, Exchanges and Clubs
1984 to 1973 (In millions of dollars)

Year	Clubs	Commissaries	Exchanges	Total
1984	80.2	295.3	358.8	734.3
1983	81.1	274.5	369.9	725.5
1982	74.2	269.5	364.8	708.5
1981	69.1	251.0	347.8	668.0
1980	63.8	223.3	332.4	619.5
1979	58.6	207.2	308.2	574.0
1978	55.9	190.3	314.3	560.5
1977	52.1	171.4	294.6	518.1
1976	49.5	168.0	281.6	499.1
1975	48.8	167.0	273.6	489.4
1974	46.0	150.0	251.0	447.0
1973	43.0	139.7	249.0	431.7

"We are still a society of the young and beautiful, and cigars are not a traditional part of this lifestyle."

in the new markets. The brand is also available in Memphis and Oklahoma City, but there it is priced approximately 15 percent higher than most major brands in these areas.

Meanwhile, PM has started test marketing Rio, a new menthol premium packaged in a Marlboro red color. The company is aware that various studies conducted on the new product concluded that consumers have grown tired of the green color traditionally used to package menthol cigarettes. Hamish Maxwell, the company's chairman, was recently quoted in the *Wall Street Journal* as saying, "We know red is the best color for just about everything."

To maintain its footing in the low tar segment of the market, the company has also started test marketing Concord, a cigarette with an adjustable filter that controls the strength of the flavor. Concord is available in regular and menthol flavors. The filter delivers from five to 15 milligrams of tar.

Other developments in the low tar segment include American Tobacco's national rollout of Carlton Menthol Box 100s, which expanded the Carlton line to 16 styles. The company is promoting the new addition — with only 1mg of tar — as the lowest tar menthol on the market.

Cigars: Baby Boomer Delight?

Cigarettes account for about 98 percent of the total tobacco category, but industry insiders say there has been some change in the often unnoticed cigar market.

Norman Sharp, president of the Cigar Association of America, tells MILITARY MARKET that, despite the fact that cigar smokers (estimated to be nearly a third of all adult male Americans) purchased 3.5 billion cigars last year, the $700 million market has been declining for the last 14 years.

But, he says, the downward trend

appears to be "bottoming out," and profits rose about 5 percent. Unit sales in 1984 declined only about 1.3 percent — the smallest loss in the last decade.

Between 1984 and 1983, cigar sales dropped 61 percent. Although they probably will never recapture the lost growth, some people in the tobacco industry say cigars are making a definite comeback.

CAA president Sharp is optimistic and predicts that as more baby boomers reach their 30s and 40s, a prime age for cigar smoking, lifestyles will change, making the market grow. But for now, he says, "We are still a society of the young and beautiful, and cigars are not a traditional part of this lifestyle."

To capitalize on the anticipated change, major cigar manufacturers will begin using the slogan "Relax, have a cigar."

Alternative Tobacco

According to public health figures, some 22 million Americans use smokeless tobacco. And though the smokeless chews and snuffs make up a very small proportion of the tobacco market as a whole, it's a segment that is showing growth, say manufacturers. The growth could be as much as a 20-percent annual gain in poundage, notes one manufacturer.

Such potential notwithstanding, Reynolds Tobacco announced September 9 that it is getting out of the smokeless tobacco business. The company's sales of smokeless tobaccos make up less than 1 percent of its total sales, prompting it to conclude that this small share does not justify continued involvement in that market.

As the strong anti-smoking movement gains momentum, manufacturers like U.S. Tobacco, which dominates the $466 million market with its Skoal and Copenhagen brands, have started pushing their products in the direction of converting the white collar cigarette and cigar smoker.

3rd Largest Sales Category In Worldwide Military Market — 1984

Rank	Product	$ millions
1	Meat	1,204
2	Civilian Clothing	1,133
3	**Cigarettes**	734
4	Consumer Electronics	650
5	Cosmetics, Drugs and Toiletries	534
6	Household Supplies	501

For U.S. Tobacco, the push began more than a year ago, when the company started featuring white collar professionals in its advertisements for Skoal Bandits. Bandits are smokeless tobaccos packaged in teabag-like pouches. They prevent loose tobacco from floating around in the mouth.

Adding another twist to the smokeless alternative, Better Life, Inc., a Florida company, recently started producing herbal tobaccoless snuff.

(Chewing tobacco, which is placed in the side of the mouth, is usually loose leaf tobacco, while snuff is used in the front of the mouth and is actually a granulated form of tobacco.)

Better Life's president, Philip J. Bidwell, tells MILITARY MARKET that the company introduced its new Smokey Mountain Chew this past spring in Florida. The herbal snuff, he says, is made of 17 culinary herbs and spices, each listed on the FDA's safe list. The most prominent ingredient is red clover.

Herbal snuff is designed for use like regular tobacco snuff, Bidwell says, and even comes in a similar package. "It has all the characteristics of regular snuff except the tobacco content. It packs the same way in your mouth as regular snuff. It creates saliva so you can you can spit if you want, just like regular tobacco." He adds that "we don't encourage it [spitting] because the snuff is a healthy product."

Recent studies have shown that chewing tobacco can present health hazards and have concluded that smokeless tobacco users face a higher risk of developing oral and throat cancer or cancer of the gums and cheek than do non-users. Other dangers include tooth decay, increased blood pressure and heart disease.

As a result of these and other findings, consumer safety groups like the Health Research Group have begun pressuring the Federal Communications Commission to require warning labels similar to those on cigarettes. Already, six states — Illinois, Utah, Delaware, Oregon, Massachusetts and New York — have warning label bills pending.

Bidwell points out that, to date, consumer response to the herbal product has been very good. "People are looking at it as an alternative," he says, as a result of the recent studies and other research depicting the dangers of tobacco snuff.

He says the company has plans to begin test marketing in Texas sometime in November. In addition, the company is also working on a wintergreen flavored herbal snuff.

Bidwell stresses that even though the herbal snuff is currently not available in the military, the company is very much interested in that market. MM

Military

Marketers Find Lots

Forget yuppies. The ever-growing retiree market has the disposable income and the time to spend it. And with second careers, military retirees are a gold mine to marketers.

YOU MIGHT NOT EXPECT children's items to sell well at exchanges with a lot of retired customers. AAFES finds the opposite is true. *LEFT: Grandfather buys fishing gear for grandson.*

By JAY BLUCHER
Associate Editor

YOU KNOW THERE'S something to it when Madison Avenue chucks its traditional advertising pitches and targets the older consumer in ads.

Soft drink commercials now include older faces in the familiar montage of runners, beach bunnies and picnickers. Affinity shampoo, according to its company, was developed "specifically for hair over 40." In a recent cereal commercial (old people are among the biggest consumers of dry cereals), a dapper older gent walks off the tennis courts and pours himself a bowl of corn flakes, as his gray-haired companion says, "Your serve doesn't have the same zing it once did."

"Up until a few years ago, advertisers felt that the over-49-years-of-age crowd wasn't even worth marketing to," comments Rena Bartos, an expert on older consumers at the J. Walter Thompson advertising agency in New York. "Now, that mistaken perception has changed 180 degrees."

Advertising people are taking a closer look at the tantalizing demographics and rising disposable incomes of America's older generation — and that includes retired military personnel.

A Market Worth the Effort

Despite criticism of the military retirement system, there is little quarreling among marketers that reaching the military retiree market is worth the effort. Targeting it requires careful attention to the special needs and motivations of the retired military patron.

"It's just a good idea to keep this market in mind whenever market strategies are being formulated," is the way one savvy military sales manager explains it. "Just as the civilian population is not one huge, homogeneous mixture, neither is the military. Too often the older shopper gets totally overlooked, [but] at some bases they represent 60 or 70 percent of all shoppers."

An Air Force commissary manager in southern Florida tells MILITARY MARKET that, "Probably 65 percent of my store's shoppers are retired all year 'round, [but] there's also quite a seasonal variation from the end of September until Easter. These are the so-called 'snow-birds,' who come south to escape the cold weather."

Over 132,000 of the 1.5 million retired military live in Florida, ranking it third among the states for choice military retirement spots. California tops the list with 210,800 people, while Texas is second with more than 136,500 military retirees.

"Knowing where they're at and reaching them in an effective way are two different things, " explains one military sales manager. "It's difficult to generalize about them as a group or category of shoppers."

J. Walter Thompson's retiree expert, Rena Bartos, agrees. "All people over 49 are no more alike than all people under 49." She adds that

SPECIAL REPORT

Retirees

Of Gold in the Gray

"65 PERCENT of my shoppers are retired," says a commissary manager in southern Florida. *RIGHT: Retirees wait to check out. Many retirees travel 10 miles or more to shop commissary.*

"that doesn't mean you can't make a few generalized observations about their shopping behavior."

Spending Their Money Differently

For instance, retired commissary and exchange shoppers spend their money differently than the average patron. "I would say that most of them have been homeowners for some time, so they tend to spend above the average on home furnishings," says one AAFES exchange manager in southern Florida.

They also have guests at dinner more frequently — research shows they are 60 percent more likely to have purchased fine china in the past year. They have the highest propensity of any age group to purchase fertilizer and seeds. "But they also prefer gardening by hand," stresses an AAFES lawn and garden shop manager. "They are not big buyers of gasoline-powered lawn and garden equipment."

Although men in general are spending a lot more time in the supermarket than they used to, men 55 years of age or older are among the most frequent male shoppers. Nearly 60 percent of them are primary shoppers or accompany the primary shopper, according to a recent survey by *Progressive Grocer* magazine.

While over half of all grocery store shoppers say they consider it important to check nutritional information on labels, consumers 55 years of age and older consistently say this is particularly important to them. These shoppers are also showing a greater interest in chicken, fish, low-calorie foods and produce; their interest in red meat is dropping.

Retiree commissary patrons often have special concerns. "It's always dangerous to generalize about a group of people," explains one AFCOMS commissary officer, "but I'd definitely say that retired commissary patrons are among the most demanding of our customers. That's OK, though — we appreciate knowing when we're not doing something right. Moreso than younger shoppers, they like their food store to be especially clean. They like helpful and courteous personnel (from the checkers to the managers), special services like coupon boxes, convenient parking, helpful commissary baggers to carry their bags to the car, and a pleasant store atmosphere."

The AFCOMS' "Healthy Heart" program, stressing wholesome and nutritious foods, is often cited by commissary managers as especially popular with older shoppers. "I wouldn't say that our store selection is all that much different, but the quantities sold in certain areas is certainly greater," notes an Air Force commissary manager in Florida. "I have to order far greater quantities of adult cereals, dried fruits, low-sodium products, dietetic products and juices."

Health and fitness concerns are especially strong in this market segment. "It's not that the retired person is more concerned with fitness," says JWT's Bartos. "It's just expressed differently among retired people. They are subject to the same trends as the rest of the population. Unlike younger people, they are not

working out for reasons of vanity, but because it makes them feel good when they exercise. It's more a health maintenance thing with them."

Barton points out that this age group is extremely conscious of what is bad for their health. They think more about what they eat and drink and how they exercise. "They spend more on the so-called health foods as well," she adds.

This poses a dilemma. A recent survey by the Agriculture Department found that foods labeled as "natural" often cost twice as much as conventional foods. This is a special concern among persons with limited incomes who purchase these expensive foods thinking they are healthier.

It is dangerous to stereotype the retiree market. Although you might not expect children's clothing to sell well at exchanges that serve a predominantly retired customer base, AAFES finds the opposite is true. At its Fort Sam Houston, Texas, exchange, for example, children's clothing enjoys strong sales, despite the exchange system's misgivings about the appropriateness of stocking this item there.

"You can't always blindly assume certain things about a given market," says Army Col. William Miner, head of the market research division at AAFES headquarters. "The upscale children's clothing that we put in at Fort Sam did very well, largely because retirees were buying this clothing as presents for their grandchildren. We didn't expect that, but research showed there was consumer demand for this merchandise."

A Fiercely Loyal Bunch

"Military retirees are more willing to drive that extra mile to the commissary than your typical shopper. They're a fiercely loyal bunch," says Henrietta Lichtenbaum, marketing research specialist at NAVRESSO headquarters.

Fifty-six percent of all retired Navy commissary patrons live further than 10 miles from the nearest commissary, according to a 1983 customer survey of 36 Navy commissaries in ConUS and Hawaii. They probably pass two or three civilian supermarkets to shop at the commissary, says Lichtenbaum. "The distance retirees are willing to travel to shop on base separates them from the normal exchange or commissary shopper," she explains.

"Some of our retired patrons come from as far away as 100 miles," says Manuel Cowin, assistant commissary manager at MacDill AFB, Fla., one of the busiest commissaries for retirees. He estimates that 3,300 people a day go through his store.

"It has more of a social function for them. It becomes a mutually shared experience to come and talk with their old friends or people they used to know on the base — almost like an extended family," comments Lichtenbaum. While they also come for the health and recreational facilities, "the commissary and exchange are also a big factor for them."

NAVRESSO's research says that retirees tend to cluster around a facility where they once served, and with the branch of service to which they belonged. "Around a Navy base, more Navy people tend to retire and make their home there than Army people, and vice versa."

AAFES market research shows that its typical military retiree shopper: travels between six to ten miles to visit the exchange; perceives spending $112.85 per month at the exchange; perceives savings of 10% or more; is married and has no children still residing at home.

The Story Told by Numbers

The stereotypical image of the poor, penny-pinching, fixed-income retiree is often false. For instance, the most recent U.S. census reveals that households headed by Americans 55 or older account for more than a quarter of all consumer purchases in the United States.

The American Association of Retired Persons found that households headed by persons 55 or older have discretionary income nearly double that of households headed by persons 34 and under. In addition, total personal income of people 55 and over was more than $750 *billion* in 1983 — more than a quarter of the national total.

As the 20th century began, one of every 10 Americans was 55 or older. Today, the number is one in five. By the year 2010, it will be one in four. Current figures on the over-55 group translate to 48 million people — the same as the enrollment of the nation's elementary and high schools.

At the end of the 20th century, there will be 96 people aged 80 and older for every 100 people aged 60 to 64, up from 55 in 1984, according to *Current Population Reports, 1984*.

Couples with no children currently make up the largest plurality of American households — 30 percent. They have increased by 6.5 million since 1970 and are mostly older people. Two-thirds of all households without children include one person older than 50.

People in the 55-to-64 category are often referred to as "empty nesters," because most of them have had children who have left home. These older Americans have more leisure time than people 10 years younger. They travel more than the average and are about 50 percent more likely to own a second home.

Media attention given to baby boomers and senior citizens often ignores the fact that there are a lot of consumers older than 45 but younger than 65 — and many of them are military retirees.

The median income in 1983 of the 10.5 million families aged 45 to 54 years old was $32,600 — highest of any age group, and a full $8,000 more than the median of all families. In the aggregate, these families had $22 billion more income than the much-ballyhooed 25-to-34 year old baby boom families, and they represent close to a third of all affluent families with incomes of more than $50,000 a year.

For the military, the numbers are enticing. There were more than 1.5 million retirees in 1984. While demographics do not tell the whole story, there is no denying that retirees shopping in commissaries and exchanges represent a sizable and lucrative market.

The Defense Department says that the average retirement age is 43 for officers and 40 for enlisted personnel. This means that most military retirees are not just younger than their civilian counterparts, but they also have at least 20 working years left — time to retire from a second job and receive a second pension.

The typical officer's pension after 20 years of service is $23,664 a year. Their enlisted counterpart receives an average of $10,332 after the same time in service.

Not Without Critics

Although military retirement is a complex subject, in a nutshell, here is what it covers: Members of the military can retire after 20 years of service with 50 percent of their base pay. They can retire after 30 years with 75 percent of their pay. They get cost-of-living increases that insulate their pensions from the ravages of inflation.

Of the servicemembers who retired in 1983, about three-quarters

REPORT

were 50 or younger. They can take a civilian job and later obtain Social Security retirement benefits.

The retirement system is not without its critics. Some believe the military's pension system overgenerous, while others think it not generous enough. The Grace Commission says the military's retirement system is six times more generous than private sector pensions.

Needless to add, Congress is considering ways to revise the system. Since 1969, no fewer than nine major studies have recommended changes in the retirement system: five were done by the Pentagon itself. Suggested reforms have included cutting benefits, delaying payment of full pensions until retirees reach 62 or 65, and vesting benefits before 20 years. One proposal would encourage servicemembers to serve longer by reducing benefits for those retiring at the 20-year mark.

> "Media attention given to baby boomers and senior citizens often ignores the fact that there are a lot of consumers older than 45, but younger than 65."

No less a critic than David Stockman, the former director of the Office of Management and Budget, decried military retirement as "a scandal" and "an outrage" during a Capitol Hill appearance in February. "Institutional forces in the military," testified Stockman, "are more concerned about protecting their retirement benefits than they are about protecting the security of the American people."

The most controversial feature of the current military retirement system encourages servicemembers to retire on half pay after 20 years, a time when they are still young enough to begin a second career. On the other hand, servicemembers who return to civilian life before 20 years of service receive no retirement pay at all. Critics say this is unfair and also makes it difficult for the services to get rid of deadwood.

DoD's costs for running this system have tripled since 1975. In fiscal year 1986, DoD's bill will total more than $17.8 billion. It is expected to approach $20 billion by 1988. MM

Average Annual Retired Pay

Age	Officers Strength	Officers Retired Pay	Enlisted Strength	Enlisted Retired Pay	Total Strength	Total Retired Pay
45	5,217	16,902	25,671	9,227	30,888	10,523
46	5,896	17,326	29,435	9,473	35,331	10,783
47	6,134	18,151	33,942	9,752	40,075	11,038
48	6,754	18,799	36,011	9,986	42,756	11,378
49	7,429	19,683	37,481	10,123	44,910	11,706
50	8,423	20,629	37,472	10,201	45,895	12,115
51	8,900	21,250	36,430	10,357	45,330	12,495
52	9,833	22,193	37,763	10,435	47,506	12,869
53	10,027	22,751	38,579	10,406	48,606	12,953
54	10,643	23,156	42,879	10,281	53,522	12,841
55	10,425	23,460	41,947	10,149	52,372	12,799
56	9,066	24,065	35,864	10,081	44,930	12,903
57	6,806	24,532	30,645	9,886	37,451	12,456
58	6,068	25,025	24,982	9,647	31,050	12,652
59	6,858	25,749	23,418	9,480	30,276	13,165
60	8,430	25,296	23,276	9,440	31,706	13,656
61	9,382	24,924	21,648	9,337	31,030	14,050
62	10,272	24,209	20,140	9,277	30,412	14,321
63	12,686	23,535	20,230	9,159	32,916	14,700
64	13,150	22,923	17,790	9,207	30,940	15,036
65	12,513	22,358	16,428	9,177	28,941	14,876
66	11,816	21,865	13,816	9,019	25,632	14,941
67	10,367	21,339	11,171	8,950	21,538	14,913
68	8,789	21,067	8,839	8,843	17,628	14,938
69	7,345	20,859	7,341	8,711	14,685	14,787
70	5,768	20,684	5,894	8,615	11,662	14,584
Total	272,211	$21,775	794,816	$9,645	1,067,027	$12,739
60 +	142,248	$22,217	192,336	$9,021	334,584	$14,631
62 +	124,436	$21,804	147,412	$8,908	271,848	$14,811
65 +	88,328	$21,109	89,252	$8,709	177,580	$14,877

Source: Department of Defense. Age is retiree's current age to nearest birthday at end of fiscal year. Retired pay is average annual net retired pay for non-disabled, non-reserve only. Chart covers only retirees receiving payment from DoD as of end of FY 1984.

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A U D I O V O X

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Where Retirees Shop For What

	AAFES	Sears/ Penneys/ Wards	Comstore Comstore	Dept Store	Discount	Don't Buy
Toiletries/H&BA	53.7%	.4%	31.8%	4.8%	6.8%	2.8%
Beverages/Candy	11.7%	.3%	75.2%	2.2	N/A	N/A
Tobacco	10.4%	.3%	42.6%	.9%	1.3%	44.6%
Men's clothing	38.7%	18.9%	N/A	25.9%	9.5%	N/A
Women's Clothing	29.2%	15.9%	N/A	36.9%	9.6%	8.4%
Teen Clothing	12.1%	7.8%	N/A	10.9%	5.4%	63.8%
Children's clothing	22.6%	6.8%	N/A	6.2%	6.2%	58.4%
Athletic Shoes	37.4%	7.1%	N/A	17.2%	9.0%	29.3%
Men's shoes	38.9%	10.2%	N/A	33.7%	7%	10.1%
Women's shoes	27.3%	9.0%	N/A	45.6%	7.7%	10.4%
Children's shoes	13.9%	4.0%	N/A	8.2%	5.4%	68.5%
Sporting goods	41.1%	3.7%	N/A	11.7%	14%	29.5%
Housewares	66.2%	5%	N/A	9.2%	14.9%	4.7%
Hardware	45.3%	7%	N/A	20.7%	19.2%	7.8%
Stationery/BTS supplies	72.1%	.5%	N/A	4.9%	13.7%	8.7%
Toys	34.9%	1.9%	N/A	5.3%	14.7%	43.3%
Film	77%	.5%	N/A	4.2%	11.0%	7.4%
Jewelry/Watches	68.1%	2.2%	N/A	13%	7.2%	9.0%
Auto access./oil/ tires/batteries	31.9%	17.1%	N/A	22.4%	20.9%	7.6%
Outdoor living/ gardenware	61.1%	3.1%	N/A	8.5%	16.5%	10.9%
Stereo/ consumer electronics	43%	5.8%	N/A	14.1%	10.5%	26.5%
Pre-recorded music/ video	34.8%	1.7%	N/A	12.8%	12.4%	38.2%

SOURCE: AAFES Market Research Division. 1984 customer survey of 14 ConUS exchanges; 1888 total responses. Compiled by Rosemary Titus, statistical assistant.

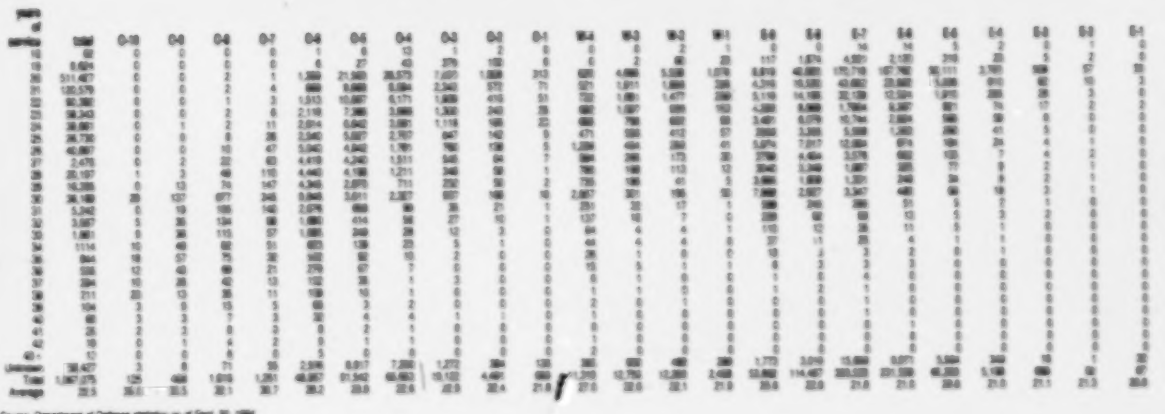
How Much Do Retirees Make?

	Number	Average Net	Monthly Average Gross
O-10	125	4,741	5,305
O-9	458	4,334	4,880
O-8	1,616	3,872	4,319
O-7	1,251	3,251	3,625
O-6	48,857	2,720	2,995
O-5	91,542	1,923	2,091
O-4	65,653	1,491	1,599
O-3	19,122	1,283	1,371
O-2	4,491	971	1,054
O-1	859	782	849
Commissioned	$233,774	$1,921	$2,090
W-4	11,318	1,578	1,737
W-3	12,756	1,101	1,192
W-2	12,200	934	1,001
W-1	2,408	745	796
Warrant	$38,682	$1,166	$1,267
Officers	$272,456	$1,814	$1,973
E-9	53,862	1,327	1,440
E-8	114,467	1,004	1,081
E-7	323,523	805	864
E-6	231,529	664	713
E-5	65,203	547	587
E-4	5,198	415	430
E-3	689	312	332
E-2	82	285	293
E-1	67	486	489
Enlisted	$794,620	$804	$864
All Retirees	$1,067,076	$1,062	$1,147

Source: Department of Defense statistics as of Sept. 30, 1984. Chart covers only non-disabled, non-reserve retirees.

Who Receives Retired Pay and How Long They Served to Get It

Officers average 24.38 years. Enlisted average 21.88 years.



AAFES Data on Space Productivity

Every three months, AAFES distributes space productivity reports at the Dallas headquarters. The same reports are sent to the field every six months.

This chart summarizes retail space productivity by region, and by store class. It covers fiscal year 1984. Data is currently available for every main store in the world; shoppettes and military clothing sales stores are also being added to the data base.

The reports shows average monthly sales and gross profits — by region and by class of store. It analyzes this information both in terms of sales floor space and of total store area.

AAFES sources stress that this is an operational report. The report is not designed for financial analysis; it relies heavily on accurate square-foot counts as given by store managers.

It should be noted that AAFES tracks sales and profits per square foot on a monthly basis. Retail industry practice is to compute these on an annual basis. This should be kept in mind in any attempt to compare these figures with similar civilian records.

Totals for FY84

Main stores — summary by EROES

No. stores	Location	Avg. mon. sales $	Avg. mon. GP $	Sales area SF	Total area SF
27	ALER	20,133,251	3,937,535	676,850	947,473
40	CPER	2,153,471	4,080,233	770,078	1,101,020
30	GGEA	4,471,791	4,433,971	761,383	1,024,833
31	OVER	8,133,576	3,333,989	637,584	911,062
31	SEER	7,668,857	5,079,658	848,627	1,193,357
159	Total ConUS	112,558,946	20,845,396	3,694,422	5,177,745
64	Total Europe	43,946,877	9,915,905	977,682	1,551,072
19	Total Pacific	29,971,982	4,006,965	380,070	600,490
242	Grand Total AAFES	176,479,805	34,778,266	5,052,174	7,329,308

Main stores — summary by store class

	ConUS				
15	S	26,637,988	4,987,545	656,204	918,900
24	A	29,368,112	5,415,827	793,279	1,137,282
26	B	22,625,690	4,319,388	751,213	1,055,286
51	C	26,083,452	4,677,035	1,082,104	1,498,904
43	D	7,843,704	1,445,601	411,622	567,373
159		112,558,946	20,845,396	3,694,422	5,177,745
	Europe				
4	S	8,775,578	2,028,674	163,645	257,635
13	A	15,820,469	3,573,596	315,911	534,987
12	B	8,642,969	1,847,783	214,413	318,422
23	C	8,554,855	1,969,399	213,193	333,639
12	D	2,153,006	471,498	70,520	111,390
64		43,946,877	9,915,905	977,682	1,551,073
	Pacific				
5	S	10,640,737	2,203,195	200,042	309,135
2	A	2,040,074	373,385	31,267	49,749
5	B	3,673,529	722,802	80,809	113,605
4	C	2,473,707	496,710	48,753	89,490
3	D	1,143,535	220,873	19,199	38,511
19	Total Pacific	19,971,982	4,016,965	380,070	600,490

Averages for FY84

Main stores — summary by EROES

No. stores	Location	Avg. sales area SF	Avg. total area SF	Avg. mon. sales $	Avg. mon. sales per SF: sale area $	Avg. mon. sales per SF: total area $	Avg. mon. GP $	Avg. mon. GP per SF: sales area $	Avg. mon. GP per SF: total area $
27	ALER	25,069	35,092	745,676	29.75	26.25	145,835	5.82	4.16
40	CPER	19,252	27,526	553,837	28.77	20.12	101,506	5.27	3.69
30	GGEA	25,376	34,161	15,726	32.15	23.88	149,799	5.82	4.33
31	OVER	20,589	29,389	584,954	28.44	19.90	107,548	5.23	3.66
31	SEER	27,395	38,495	892,479	32.60	23.18	163,860	5.99	4.26
159	Total ConUS	23,235	32,568	707,918	30.47	21.74	131,103	5.64	4.03
64	Total Europe	15,276	24,236	686,670	44.95	28.33	154,936	10.14	6.39
19	Total Pacific	20,004	31,605	1,051,157	52.55	33.26	211,419	10.57	6.69
242	Grand Total AAFES	20,877	30,284	729,247	34.93	24.08	143,712	6.88	4.75

Main stores — summary by store class

	ConUS								
15	S	43,747	61,260	1,775,866	40.59	28.99	332,503	7.60	5.43
24	A	33,053	47,386	1,223,671	39.02	25.82	225,659	6.83	4.76
26	B	28,893	40,588	870,219	30.12	21.44	166,130	5.75	4.09
51	C	21,216	29,390	511,440	24.10	17.40	91,707	4.32	3.12
43	D	9,573	13,195	182,412	19.05	13.82	33,619	3.51	2.54
159		23,235	32,564	707,918	30.47	21.74	131,103	5.64	4.03
	Europe								
4	S	40,911	63,159	2,193,895	53.62	34.73	507,189	12.39	8.03
13	A	24,311	41,153	1,216,959	50.07	29.57	274,892	11.31	6.67
12	B	17,868	26,535	720,247	40.30	27.14	156,228	8.74	5.88
23	C	9,269	14,506	371,950	40.12	25.64	85,539	9.23	5.90
12	D	5,877	9,282	179,417	30.53	19.33	39,292	6.69	4.23
64		15,276	24,236	686,670	44.95	28.33	154,936	10.14	6.39
	Pacific								
5	S	40,006	61,827	2,128,147	53.19	34.42	440,639	11.01	7.13
2	A	15,634	24,875	1,020,037	65.25	41.01	186,693	11.94	7.51
5	B	16,162	22,721	734,786	45.46	32.34	144,560	8.94	6.36
4	C	12,188	22,373	618,427	50.74	27.64	124,178	10.19	5.55
3	D	6,400	12,837	381,178	59.56	29.69	73,624	11.50	5.74
19	Total Pacific	20,004	31,605	1,051,157	52.55	33.26	211,419	10.57	6.69

SURVEY, continued from page 6

For example, a non-member exchange broker complains that, "ALA did not support broker/representatives with [the] anti-rep position taken by AAFES buyers. ALA remained neutral, in spite of this being a violation of free enterprise and [a] restriction of trade." "ALA does not seem to affect exchange policies — at any level," grumps another.

☐ **4.** Respondents tend to think that ALA is more effective with lawmakers (question 10), than with the military (question 11). Also significant is the high number of "don't know" responses to the two questions. This, and the differing responses between the political and military-oriented questions, may indicate that ALA needs to have better publicity.

Telephone followups uncovered some additional information.

ALA, says one dealer, "needs to make a stronger argument for straightening out the resale system." Adds another, "Issues are not confronted in any manner that gets any results." One member says that ALA "concerns itself with the top echelons, not the down-at-the-store level," and that "'National' has pulled all the teeth out of the chapters." Paul Power, a former member whose Paul P. Power Associates firm represents liquor accounts to Class VI stores and clubs, wants to see more ALA input on these areas. He thinks ALA has "a marshmallow approach. They're afraid to stick their neck out. ALA *does* have a lot of clout — *if* it's used."

☐ **5.** Despite all the griping, respondents feel there is definitely a need for "a voice to Congress and the military." And, admits one long-term member, ALA executive vice president Kolbet "Schrichte has brought a lot of class to ALA. It's a helluva lot better today than it was when it was the Quartermaster Association or the Defense Supply Association." MM

A.L.A. MEMBER RESPONSES: 42

1. Does your company deal primarily with commissaries, exchanges, or both?
Commissaries - 16. Exchanges - 7. Both - 19.

2. Have you or an employee of your company ever attended any of the following:
Chapter meeting? - 33. Regional meeting - 39. National convention - 42.

3. Are you or any other person from your company planning to attend the national ALA convention in October?
Yes - 36. No - 6.

4. Traditionally, ALA conferences begin on Sunday. Should they begin on weekdays instead?
Yes - 11. No - 11. Doesn't matter - 20.

5. Are ALA convention locations convenient for people from all areas of the country to attend?
Yes - 30. No - 3. Doesn't matter - 9.

6. Does ALA membership require too much time?
Yes - 4. No - 37. No response - 1.
Does it cost too much money?
Yes - 25. No - 16. Don't know - 1.

7. Do you think ALA does a good job representing the interests of small companies?
Yes - 12. No - 25. Don't know - 5.

8. Considering the annual membership dues, expensive convention locations and other costs associated with being involved with ALA, do you think membership is a worthwhile investment?
Yes - 25. No - 12. Don't know/no response - 5.

9. Do you think that ALA equally represents the interests of both commissary and exchange suppliers?
Yes - 23. No - 14. Don't know - 5.
Who gets more attention?
Exchange suppliers - 1. Commissary suppliers - 24. Equal attention to both - 10. No response - 7.

10. Is ALA effective with the lawmakers and officials who oversee the resale systems?
Yes - 25. No - 6. Don't know - 11.

11. Is ALA effective in working out problems between industry and the military?
Yes - 17. No - 17. Don't know - 8.

12. Should ALA take a more active role in its lobbying efforts, such as establishing a political action committee (PAC)?
Yes - 24. No - 11. Don't know - 7.

13. Overall, do you think ALA has had a positive, negative or neutral effect on the military resale system?
Positive - 33. Negative - 0. Neutral - 8. Both positive and negative - 1.

NON-MEMBER RESPONSES: 28

1. Does your company deal primarily with commissaries, exchanges, or both?
Commissaries - 2. Exchanges - 17. Both - 8. No response - 1.

2. Have you or an employee of your company ever attended any of the following:
Chapter meeting? - 12. Regional meeting - 13. National convention - 18. None/no response - 7.

3. Are you or any other person from your company planning to attend the national ALA convention in October?
Yes - 3. No - 24. No response - 1.

4. Traditionally, ALA conferences begin on Sunday. Should they begin on weekdays instead?
Yes - 6. No - 6. Doesn't matter - 14. No response - 2.

5. Are ALA convention locations convenient for people from all areas of the country to attend?
Yes - 6. No - 7. Doesn't matter - 12. No response - 3.

6. Does ALA membership require too much time?
Yes - 3. No - 15. Don't know - 9. No response - 1.
Does it cost too much money?
Yes - 16. No - 4. Don't know/no response - 8.

7. Do you think ALA does a good job representing the interests of small companies?
Yes - 0. No - 20. Don't know - 7. "Yes and no" - 1.

8. Considering the annual membership dues, expensive convention locations and other costs associated with being involved with ALA, do you think membership is a worthwhile investment?
Yes - 1. No - 22. Don't know - 5.

9. Do you think that ALA equally represents the interests of both commissary and exchange suppliers?
Yes - 5. No - 18. Don't know - 5.
Who gets more attention?
Exchange suppliers - 0. Commissary suppliers - 18. Equal attention to both - 3. No response - 7.

10. Is ALA effective with the lawmakers and officials who oversee the resale systems?
Yes - 3. No - 13. Don't know - 12.

11. Is ALA effective in working out problems between industry and the military?
Yes - 3. No - 15. Don't know - 9. No response - 1.

12. Should ALA take a more active role in its lobbying efforts, such as establishing a political action committee (PAC)?
Yes - 19. No - 4. Don't know - 5.

13. Overall, do you think ALA has had a positive, negative or neutral effect on the military resale system?
Positive - 7. Negative - 0. Neutral - 18. No response - 3.

Military Market index

COMMISSARIES

		JUNE			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$153,604	$158,624	-3.16%	$911,521	$909,517	0.22%
	OVERSEAS	26,973	31,295	-13.81%	174,362	179,331	-2.77%
AIR FORCE	TOTAL	**180,577**	**189,919**	**-4.92%**	**1,085,883**	**1,088,848**	**-0.27%**
	CONUS	109,200	111,825	-2.35%	639,240	634,725	0.71%
	OVERSEAS	31,185	34,335	-9.17%	186,375	197,715	-5.74%
ARMY	TOTAL	**140,385**	**146,160**	**-3.95%**	**825,615**	**832,440**	**-0.82%**
	CONUS	74,009	72,228	2.47%	382,423	366,383	4.38%
	OVERSEAS	8,365	8,640	-3.18%	42,709	42,932	-0.52%
NAVY	TOTAL	**82,374**	**80,868**	**1.86%**	**425,132**	**409,315**	**3.86%**
	CONUS	13,971	13,495	3.53%	84,563	78,498	7.73%
	OVERSEAS	261	236	10.59%	1,490	1,225	21.63%
MARINES	TOTAL	**14,232**	**13,731**	**3.65%**	**86,053**	**79,723**	**7.94%**
	CONUS	275	222	23.87%	1,568	1,402	11.84%
	OVERSEAS	360	235	53.19%	1,794	1,592	12.69%
COAST GUARD	TOTAL	**635**	**457**	**38.95%**	**3,362**	**2,994**	**12.29%**
	CONUS	$351,059	$356,394	-1.50%	$2,019,315	$1,990,525	1.45%
ALL	OVERSEAS	$67,144	$74,741	-10.16%	$406,730	$422,795	-3.80%
COMMISSARIES	TOTAL	**$418,203**	**$431,135**	**-3.00%**	**$2,426,045**	**$2,413,320**	**0.53%**
GROCERY STORES	U.S.[1]	$21.967	$21.899	0.31%	$128.130	$123.308	3.91%

EXCHANGES

		JUNE			YEAR TO DATE		
		CY'85	CY'84	% CHANGE	CY'85	CY'84	% CHANGE
	CONUS	$252,960	$249,029	1.58%	$1,387,819	$1,359,795	2.06%
	OVERSEAS	157,652	159,371	-1.08%	908,873	928,758	-2.14%
AAFES	TOTAL	**410,612**	**408,400**	**0.54%**	**2,296,692**	**2,288,553**	**0.36%**
	CONUS[2]	92,674	92,264	0.44%	513,422	509,955	0.68%
	OVERSEAS[2]	38,712	40,361	-4.09%	217,105	214,874	1.04%
NAVY	TOTAL[2]	**131,386**	**132,625**	**-0.93%**	**730,527**	**724,829**	**0.79%**
	CONUS	29,793	28,626	4.08%	168,528	163,780	2.90%
	OVERSEAS	4,918	4,786	2.76%	28,835	28,318	1.83%
MARINES	TOTAL	**34,711**	**33,412**	**3.89%**	**197,363**	**192,098**	**2.74%**
	CONUS[3]	7,096	6,504	9.10%	39,060	36,303	7.59%
	OVERSEAS[3]	529	815	-35.09%	3,038	4,531	-32.95%
COAST GUARD	TOTAL[3]	**7,625**	**7,319**	**4.18%**	**42,098**	**40,834**	**3.10%**
	CONUS[4]	1,130	1,005	12.44%	7,055	7,866	-10.31%
	OVERSEAS[4]	3,694	3,740	-1.23%	18,534	23,699	-21.79%
MAIL ORDER	TOTAL[4]	**4,824**	**4,745**	**1.66%**	**25,589**	**31,565**	**-18.93%**
	CONUS	$383,653	$377,428	1.65%	$2,115,884	$2,077,699	1.84%
	OVERSEAS	$205,505	$209,073	-1.71%	$1,176,385	$1,200,180	-1.98%
ALL EXCHANGES	TOTAL	**$589,158**	**$586,501**	**0.45%**	**$3,292,269**	**$3,277,879**	**0.44%**
DEPARTMENT STORES	U.S.[1]	$10.500	$10.478	0.21%	$57.558	$54.818	5.00%

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard.
NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.